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DIVIDEND POLICY AND CORPORATE GOVERNANCE REGULATION AND PRACTICE IN NIGERIAN BANKS

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ABSTRACT

This research examines impact of corporate governance regulation and practice on dividend policy using case study of First and Zenith Bank. The objective of this research is to examine, investigate and evaluate if and how corporate governance regulation and practice affect or influence dividend policy in banks. This research adopted a mixed method approach that is using both qualitative and quantitative approach. The research instruments used in data analyses were descriptive analyses, chi-square and multiple linear regressions. The findings in this research were; corporate governance regulation and practice has impact on dividend policy, non-executive directors are very essential in dividend policy decisions as to whether they pay or do not pay dividends, that corporate governance disclosure, board size and size of executive directors are major contributors to the dividend policy adopted and that dividend payments can be used as a corporate governance measure to reduce agency cost. This research revalidates and supports the use of agency theory that major studies regarding corporate governance support. This research also supports that corporate governance regulation and practice have impact on dividend policy. This research shows that Nigeria can rely on the details in this research.

Keywords: Dividend, Policy, Corporate, Governance, Regulation

INTRODUCTION

The crises and scandals that happened during the past decade and in recent times in WorldCom and Enron in the United States, the sacking of managers of mega banks in Nigeria and Cadbury Nigeria plc. has raised the importance of good and sound corporate governance practices (Altunba *et al*. 2007).Cadbury Report (1992) identified corporate governance as a method or technique through which corporations can be directed and controlled. The members of the company that is responsible for governance is the Boards of directors. Corporate governance is a guide for management in their affairs of managing the company in other for the company's objectives to be achieved (Citied in Nwanji, 2006). The origin of corporate governance came from agency theory and cost. Agency theory is when the principal, that is the owner delegates his managing capacity to an agent. This agent is referred to as management that owes the principal stewardship responsibility. When looking at the public limited liability company; due to the nature of the shareholders and their diverse characteristics there is a divorce between ownership and management. Therefore, the management owes shareholders the reporting responsibility that is being accountable for all operations that go on in the company. Since corporate governance ensures good management, and management is in command of the affairs of the organisation then management ensures there is good governance. This means they drive the practice of corporate governance. Management is also in charge of making decisions formulating policies and strategies and ensuring that every operation in the company is to achieve its overall objectives. Therefore, the management is in charge of deciding what dividend policy is adopted. Hence the relationship between corporate governance and dividend policy may be a solution to achieving the overall objectives of a firm. This research looks at the relationship between corporate governance and dividend policy of the organisation in the banking industry Nigeria.

Objectives of the Study

The main objective of the research is to examine the impact of corporate governance regulation and practice on dividend policy in Zenith bank Plc. and First bank plc. The specific objectives are to:

1. examine how corporate governance regulation affect the dividend policy of the banks.
2. investigate if corporate governance practices influence dividend payment in banks.
3. evaluate how corporate governance practices affects dividend non-payment in banks.

Research Questions

Specific research questions answered by this study to achieve the above objectives are:

1. does corporate governance regulation affect dividend policy?
2. does corporate governance practice influence dividend payment in banks?
3. is there any impact of corporate governance practices on non-payment of dividend?

Hypotheses of the Study

The following hypotheses have been stated to be tested if they are correct or not.

H_0: There is no significant impact of corporate governance regulation on dividend policy**.**

H_0: Corporate governance practice has no significant impact on dividend payment in banks.

H_0: There is no significant impact of corporate governance practices on non-payment of dividends.

LITERATURE REVIEW

The Organisation for Economic Co-operation and Development (OECD) principles of corporate Governance (2004:1) states that, "Corporate Governance involves a set of relationships between a company's management, its board, it shareholders, and other stakeholder. This shows that corporate governance is very important to the success of any organisation. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring the performance is determined." Corporate governance was seen by the Cadbury Report (1992) as, "The systems by which companies are directed and controlled and boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and auditors and to satisfy themselves that an appropriate governance structure is in place in the organisation. The responsibilities of the board include setting the company's strategic aims, providing leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meetings, (Para. 2.5) (cited Nwanji et al, 2007:4)."

According to the Security and Exchange commission (2012), Companies in other to improve their corporate governance system, should focus on Shareholders, Stakeholders, Board of directors and Accountability. Shareholders are part owners of a company by duly acquiring the shares in the capital of that company. They can form associations and they play an important role in ensuring high-quality corporate governance in the company they have invested their funds. They do this by demanding compliance with the code of corporate governance. Stakeholders this includes directors, creditors, depositors, workers, regulatory authorities, distributors and community that can affect the organisation and the organisation can affect. Accountability this involves increased disclosures like presenting a true and fair view of the organisation which shows the company's financial structure, and the strength of the company's governance structure. Board of directors this comprises of the chairman who heads the board of non-executive and executive director. The Board is answerable and responsible for the functioning and the dealing of the organisation. The Board defines the organisations goals, strategies and make sure that the means are effectively and efficiently used to achieve the goals. While the objective of the Board is to ensure that the organisation is managed well. The board has a responsibility of ensuring proper corporate governance and this include the responsibility to determine the part of the firm's profit that would be distributed to shareholders as dividend are on the company and the company uses the determining factor which is dividend policy (Purmessur and Boodhoo, 2009).

Hashemijoo and Ardekani (2012:111) stated that "Dividend Policy refers to a company's policy which determines the amount of dividend payments and the amounts of retained earnings for reinvesting in new projects. This policy is related to dividing the firm's earning between payment to shareholders and reinvestment in new opportunities." When corporate governance requirements and regulations are applied in practice it can be used as an attractive channel to raise resources via the capital market. According Jo and Pan (2009) payment of dividends is a major way of giving back profit for the investment by the shareholders. It also can provide a message channel to investors that can covey information about if the company is going according to the corporate governance requirments.

The main theories that have being used in the development of corporate governance and dividend policy are the Shareholders theory, Agency theory, Stakeholder theory, Dividend irrelevancy theory, signalling theory. Shareholders theory "is underpinned by the Principal-Agent or Finance model, considered that the purpose of the corporation was the maximization of shareholders' wealth because shareholders are the owners of the corporation and bear the highest risks (Cited in Nwanji & Howell, 2007: 112). Shareholders theory is synominous to agency theory, this implies in real sense that shareholders theory and agency theory have the same meeting point which is agency cost, the principal agent relationship and the protection of shareholders interest.Jensen and Meckling (1976) stated that Agency theory looks into the relationship that develops in an economic exchange when the owner that is the principal gives authorization to an agent to perform and act in the owner's name, in order for the principal to gain and increase the principals' wealth. Separating owner from control will lead to agency cost, this is because of non-Goal congruence between the agent and the principal (Naser *et al*, 2013).

Cuevas-Rodriguez *et al*, (2012) said higher agency cost is not caused by multiple stakeholders "because social norms of obligation and reciprocity may cause stakeholders to repay benefits" which will lead to increase in the value of the firm. The difficulty in separating their well-being from other members will also cause them to align themselves with the company's goals and objective. This is based on the owner-agent relationship looking at stewardship and agent's opportunist behaviour in the social context in other to achieve alignment of principal's goals with the agent's goals. According to Macey (2008) any act by management that is not in line with the purpose of wealth enlargement of shareholder is known as corporate nonconformity. This corporate nonconformity by economist is known as agency price. These shows that agents of the principal are the individuals that constitutes the management. The methods that principals can use to control agents are the apparatus of corporate governance. Dividends are being used as a way of reducing agency cost, because when dividends are paid there is less cash in circulation for management's manipulation. (Purmessur & Boodhoo, 2009). Nwanji and Howell (2007:109) stated that "the ruling paradigm of the Traditional Anglo-American Model of Corporate Governance holds that those who invest their capital into whatever kind of business and, by that token, those who risk losing their investments in parts or in total have an entitlement (and an obligation) to govern the business they have invested. Capital investors / shareholders / principals, either govern the business themselves, or they do so with support of agents (directors) who they may appoint."

Shareholders contribute to the success of the company by investing in it, while stakeholders also contribute to the company achieving its goals by managing it effectively and efficiently and providing an environment for it to operate. This means that stakeholders play an essential role to the success of the company. Therefore in formulating the objective of the company, stakeholders' needs and interest should be taken into consideration. The "deontological or teleological ethical approach (Nwanji & Howell, 2007:109)" should be considered in setting organisational objectives. Rather than looking from the Anglo-American perspective that looks at only shareholders' interest, this literature considers that stakeholders' interest should also be considered. Franco-German Model takes into consideration the interest of shareholders and stakeholders example employee, directors. This simply means that corporate governance goals are to protect both the shareholders interest as well as the stakeholder's interest. Stake holders are individuals whose interest can affect the business activities or be affected by the business activities (Gup, 2009). According to Macey (2008) the aim of corporate governance is to protect the truthfulness of the assurance given to funders by the organisation, but the investors and the organisation are allowed their own contract process. Although universally corporations are entities that aims at maximizing the value of shareholders but there is no theoretical objection here that the board can't serve the interest of the stakeholders rather than only the shareholders but these should be based on proper disclosure to shareholders before they decide to fund the organisation.

According to Miller & Modigliani, (1961) dividends payment is not important in maximizing shareholders wealth. The M&M theory says that shareholders wealth is not affected by dividend policy (paying dividend). Its argument was about firm's value in relates to earnings of the firm, which is gotten from investment in the firm. M&M theory is based on certain assumptions as no tax, no imperfect market. The two ways that shareholders are compensated for their investment is either by dividends or by capital gain. When dividend is selected then the share price will drop as a result of dividend payment by the cost of dividend per share on the date of ex-dividend. Therefore in a perfect market dividend policy or payment doesn't affect the shareholder's wealth or return. While Gordon, (1962) linked value of market of the shares with the dividend policy using Valuation model. He studied dividend policy and market prices of stock and said that a relationship exists between them that one can affect the other. He talked about risk factor in the relationship that because of risk shareholders would prefer dividends instead of retained earnings as capital gain; this can even be in a perfect market. He also suggested that there is a precise and straight connection between dividend policy and market value of stock even if the internal return rate and the required return will be the unchanged cited in (Hashemijoo and Ardekani, 2012). Profit and future firm's value is affected by an important factor known as taxation for example, discount expected cash stream after tax can be used as a way of knowing the value of market of a company. In this respect, different treatment of tax in relation to capital gain in relation to dividends can affect the after-tax earnings of investors and this will affect the readiness of investors to accept dividends. So therefore tax has an impact on corporate dividend decisions and investment decisions.

This research is not new to literature, various scholars have carried out research related to the research topic and have come out with different findings and recommendation. Examples of these are; Lambert, *et al*, (1989) literature linked executive stock option plan to dividends. If stock option plan is introduced as part of compensation agreement this will cause managers to act by reducing cash dividend payment because it would have a negative effect on executive stock option expected value. This act by the managers is what corporate governance is put in place to reduce.

Kowalewski, *et al*, (2007, p. 2) looked at corporate governance practices as a key determinant of dividend policy (in the context of dividend puzzle) in Poland considering the strength and weakness of shareholders rights. Agency conflict is caused by major disparity between management and ownership. "Agency theory suggests that shareholders may prefer dividends, particularly when they fear expropriation by insiders". Corporate governance strength which influences the rights of shareholders determines high dividend pay-out while weak shareholders right and those companies in debt will lead to fewer dividends. Two models were used; alternative and the outcome model. According to Salehnezhad (2013) dividend was seen as a major activity that shows the cash flow of a company. The increase of dividend payment will reduce agency cost in the company. It also established a relationship between the size of the board and dividend policy that if the size of the board increases the payment of dividend would increase.

METHODOLOGY

This is a cross sectional study due to the fact it uses a representative of the population, and that all variables are measured simultaneously. Also it has some advantages that favour this research due to time limit like it is relatively quick and easy to conduct, data on all variables were collected once, multiple outcome and exposure can be studied, and it is also a good approach for descriptive analyses (Public health action support team, 2011). There are two main approaches to research. The two approaches are sometimes used side by side in research or separately. In this research both approaches were adopted, this approach adopted is known as mixed method. This implies that the research uses both qualitative and quantitative data collection techniques and corresponding data analysis.

This research used more than one research method because the more methods used in the research work the more accuracy and reliability in findings and no method is considered better than the other (Daymon & Holloway, 2011). Due to the nature of this research, the following methods used are as a result of needs to disintegrate the components of this research into senior manager, junior manager, senior staff and junior staff different methods have been selected for adequate analysis. Therein the researchers have consequently chosen case study, survey, and archival strategies.

Population of Study

This is the study of one industry in Nigeria, which is the banking industry the population of study is the total number of commercial banks in the industry which are 21 banks according to (Central bank of Nigeria, 2011). According to Stutey (2005) once population is less than 30 study all. But due to the fact that this research uses a case study approach the whole population can't be studied.

Sampling Technique

This research uses a case study approach of selected banks out of the 21 banks in Nigeria. These are First bank PLC and Zenith bank PLC. First bank is located in all the 36 states in Nigeria (First bank, 2013) and Zenith bank has 314 branches in Nigeria (Zenith Bank, 2014). Data were collect from the head office of First bank PLC and Zenith Bank due to convenience and time frame. The research work reviewed the case studies by dividing the population of the management structure into senior managers, junior managers, senior staff and junior staff out of which samples were drawn. Out of convenience 110 respondents served as the sample size from both banks that is 60 respondent in First bank and 50 respondents in Zenith bank. Random sampling technique was used select the sample elements. They were obtained randomly by selecting elements in the population to represent the sample size. Also five years financial statement was reviewed from 2008 to 2012 these sample years were picked based on judgmental sampling techniques.

Method of Data Collection

This research focuses on primary and secondary data. This research dealt with the collection of primary data through the use of structured survey method by which questionnaires were distributed in the banks. This is because of the collection of different kinds of information is possible and it is quick and economical when compared to observation and experimental method. This research collected secondary data through the use of Ip'so facto methods, from secondary sources such as Five years financial statements. In this research ethical issues were considered; the data collected was based on two major ethical theories, deontological ethical theory which upholds that an act is right or wrong by something within the action itself and teleological ethical theory which can be applied to the issue of shareholders and stakeholders of a company. The teleology formal theory maintained that actions are to be judged good or bad by reference to the end to which they aimed. (Nwanji, 2007). When undertaking a research that has to do with human interference there is need for ethical consent or approval. Due to the above theories in collecting data the ethical issues in the research was consider such as participants and the researcher during the process of seeking consent, Seeking sensitive information, Providing incentives, Maintaining confidentiality and considering the possibility of causing harm to participant.

Validity and Reliability

Degree of consistency in the data supplied is essential and due to lack of time accrued to the researcher. The methods of administering questionnaires were done in a single form. In the secondary data analysis, different years were used from the two bank's financial statement in other to ensure consistency. Both the primary and secondary data were analysed and it produced consistent result. This research work measures the accuracy of the research instrument and the questionnaires administered. Researchers usually identify or know the validity by determining if test performance relate with performance on some other measure assumed. The researcher ran a pilot test in other to know areas of difficulty in the questionnaire in other to modify it for proper understanding of statement by respondent. This research used different methods in analysing data in other ensure validity. This research is done via the reviewing of two banks as a form of ensuring accuracy of findings. The researcher will also ensure that the independent variable is what makes a difference in the dependent variable or not. The model fitness was also established and standard of error was considered in the regressions.

Method of Data Analysis

This study requires the analysis of both primary and secondary data. The Secondary data was gotten from annual financial statements for the period of analysis 2008-2012. The primary data was gotten from the administration of questionnaires. The data gotten from these sources were subjected to analysis using SPSS which encompasses but not limited to descriptive analysis, regression and Chi-square. In analysing the data collected via questionnaire administration, descriptive sample percentage tables and chi – square statistical tool (which is used to test the significant difference) were the instruments that were used.

Chi – square is given as:

$$X^2 = \Sigma \frac{(o - e)^2}{e}$$

Where X^2 = Chi – square

o = Observed frequency

e = Expected frequency

Σ = Summation of the frequency.

This text is based strictly on the primary data gotten from the use of questionnaire.

Decision Rule: Reject Null Hypothesis if calculated value of (X^2) is greater than the critical value and accept Null Hypothesis if calculated value of (X^2) is less than the critical value, also supported by (Ezeigwe, 2007 p. 72).

The Degree of Freedom = (n - 1)

Where Df = Degree of freedom

n = Number of Rows

k = Number of Column

In analysing secondary data two multiple regressions were used to test significant relationship between corporate governance regulation and practice on dividend policy.

Multiple regressions 1

$Y_t = B_o + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + U_t$

Y_t = Dividend payment (dependent variable)

X_1 = Corporate governance compliance (Independent variable)

X_2 = size of the board

X_3 = size of non-executive board

X_4 = size of executive board

B_o = Intercept of the model

$B_{1-}B_4$= Slopes of the model

U_t = Disturbance error term representing other variables that can influence dividend policy apart from the aforementioned variables.

Multiple regressions 2

$Y_t = B_o + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + U_t$

Y_t = Retained Earnings (dependent variable)

X_1 = Corporate governance compliance (Independent variable)

X_2 = size of the board

X_3 = size of non-executive board

X_4 =size of executive board

B_o = Intercept of the model

$B_{1-}B_4$= Slopes of the model

U_t = Disturbance error term representing other variables that can influence dividend policy apart from the aforementioned variables

Data Presentation, Analysis and Discussion of Result

This research adopts a mixed method approach that is using both qualitative and quantitative data analysis for the data collected in other to test the hypotheses and achieve objective of this research. The collected primary and secondary data took place during the course of this research. The quantitative analysis is done through frequency distribution, Chi-square and regression while the qualitative analysis is critically discussing the findings from the survey linking it to literature**.**

Table 4.1 Questionnaires Distributed and Returned

Questionnaire	Number distributed	Number returned	Percentage of returned	Not returned	Percentage of not returned
Zenith bank	50	30	60%	20	40%
First bank	60	30	50%	30	50%
Two Banks	110	60	55%	50	45%

Source: Field survey 2014

Table 4.1 shows that a total of 110 questionnaires were administered to zenith bank and First bank out of which 60 were returned and filled which is 55% of the total number distributed. 45% representing 50 questionnaires were neither filled nor returned. In Zenith bank 50 questionnaires were administered out of which 60% representing 30 questionnaires were returned and filled. 40% representing 20 questionnaires were neither filled nor returned. In First bank 60 questionnaires were administered out of which 50% representing 30 questionnaires were filled and returned while the other half was neither filled nor returned.

Table 4.2 Analysis of Response Frequency

Statements	**Strongly Agree 5**	**Agree 4**	**No view 3**	**Disagree 2**	**Strongly Disagree 1**	**Total**
1	10	30	16	4	0	60
2	5	31	16	8	0	60
3	12	22	19	7	0	60
4	6	26	21	7	0	60
5	11	24	18	6	1	60
6	8	27	19	4	2	60
7	8	24	14	10	4	60
8	7	36	14	3	0	60
9	11	25	11	9	4	60
10	12	29	10	7	2	60
11	2	29	15	8	6	60
12	3	16	26	6	9	60

*Source: Field survey 2014:**Table 4.2** shows the frequency of response by respondent using the 5 **Likert** scale category for each statement in the questionnaire administered.*

Table 4.3: Analysis of Percentage of Survey Questionnaires

Statements	Strongly Agree %	Agree %	No view %	Disagree %	Strongly Disagree %
1	17	50	27	7	0
2	8	52	27	13	0
3	20	37	32	12	0
4	10	43	35	12	0
5	18	40	30	10	2
6	13	45	31	7	3
7	13	40	23	17	7
8	12	60	23	5	0
9	18	42	18	15	7
10	20	48	17	12	3
11	3	48	25	13	10
12	5	27	43	10	15

*Source: Field survey 2014: **Table 4.3** shows the analysis of percentage of the survey questionnaires used in this research. This percentage is based on the 5 **Likert** scale used in the each of the statements of the questionnaire.*

Table 4.4 Analysis of Designation in The Bank

Designation in the organization	Frequency	%
Senior manager	14	23.3
Junior manager	11	18.3
Senior staff	11	18.3
Junior staff	24	40.0
Total	60	100.0

*Source: Field survey 2014: **Table 4.4** Frequency distribution of respondents in different Designation in the bank*

Table 4.4 shows that the questionnaire filled and returned were filled by 14 senior managers, 11 junior managers, 11 senior staff, and 24 junior staff. While the percentage of response from the different sample category is shown in the bar chart. In this bar chart the highest response is 40% from the junior staff, the next is 23.3%. The response from the senior staff and junior manager are the same at 18.3%.

Test of Hypotheses for Primary Data

This section deals with the testing of the hypotheses stated in the research. Hypotheses in this research are stated in Null form (H_o). The hypotheses are based on 5% level of significance. In the Individual analysis of statements, the statement number was arranged as it appears in the questionnaire this means that the numbering is not in order but in line with the hypotheses it is testing. Individual analysis is each question was done in other to know if there is any significant difference when testing hypotheses. One statement was picked from the questionnaire administered, which fully addresses a particular hypothesis and Chi-square was used to analyse the statement in other to draw out conclusion. In this research 3 hypotheses have been stated.

Hypothesis One

H_0: There is no significant impact between corporate governance regulation and dividend policy.

Statement 1(S1): Corporate governance regulation provides effective dividend policy in the banking sector.

Table 4.5 Frequency Distribution of Respondents (S1)

Corporate governance regulation provides effective dividend policy in banking sector.	**Frequency**	**%**
Strongly agree	10	16.7
Agree	30	50.0
No view	16	26.7
Disagree	4	6.7
Strongly Disagree	0	0
Total	60	100.0

Source: Field survey 2014 ***Table 4.5*** *Frequency distribution of respondents for "corporate governance regulation provides effective dividend policy in banking sector"*

Table 4.5 shows the response and opinion of the statement; corporate governance regulation provides effective dividend policy in banking sector. The response rate was 6.7% which represent 4 respondent opinions and they disagreed with the statement this implies that minority of the population disagreed with the statement. 26.7% response representing 16 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 50% which represent 30 respondents agreed with the statement and 16.7% representing 10 respondents strongly agreed with the statement. This implies that majority of the respondent agreed with the statement.

Statement 2 (S2): Changes in dividend policy would be as a result of corporate governance regulation adopted in your bank.

Table 4.6 Frequency Distribution of Respondents (S2)

Changes in dividend policy would be as a result of corporate governance regulation adopted in your bank	**Frequency**	**%**
Strongly Agree	5	8.3
Agree	31	51.7
No view	16	26.7
Disagree	8	13.3
Strongly Disagree	0	0
Total	60	100.0

Field survey, 2014 ***Table 4.6*** *Frequency distribution of respondents for Changes in dividend policy would be as a result of corporate governance regulation adopted in your bank.*

Table 4.6 shows the response and opinion of the statement; Changes in dividend policy would be as a result of corporate governance regulation adopted in your bank. The response rate was 13.3% which represent 8 respondent opinions and they disagreed with the statement this implies that minority of the population disagree with the statement. While 26.7% response rate representing 16 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 51.7 % which represent 31 respondents agreed with the statement and 8.3% representing 5 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 3 (S3): There are problems with corporate governance practices of banks that affect their dividend policy.

Table 4.7 Frequency Distribution of Respondents (S3)

There are problems with corporate governance practices of banks that affect their dividend policy	**Frequency**	**%**
Strongly Agree	12	20.0
Agree	22	36.7
No view	19	31.7
Disagree	7	11.7
Strongly Disagree	0	0
Total	60	100

Field survey, 2014 ***Table 4.7*** *Frequency distribution of respondents for "There are problems with corporate governance practices of banks that affect their dividend policy"*

Table 4.7 shows the response and opinion of the statement; there are problems with corporate governance practices of banks that affect their dividend policy. The response rate is 11.7% which represent 7 respondent opinions and they disagreed with the statement this implies that minority of the population disagreed with the statement. While 31.7% response rate representing 19 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 36.7 % which represent 22 respondents agreed with the statement and 20% representing 12 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 7 (S7): The reason for not paying dividend in your bank may be caused by non-compliance with corporate governance regulation.

Table 4.8 Frequency Distribution Of Respondents (S7)

The reason for not paying dividend in your bank may be caused by non-compliance with corporate governance regulation	**Frequency**	**%**
Strongly Agree	8	13.3
Agree	24	40.0
No view	14	23.3
Disagree	10	16.7
Strongly Disagree	4	6.7
Total	60	100

Source: Field survey 2014 ***Table 4.8*** *Frequency distribution of respondents for "The reason for not paying dividend in your bank may be caused by non-compliance with corporate governance regulation."*

Table 4.8 shows the response and opinion of the statement; the reason for not paying dividend in your bank may be caused by non-compliance with corporate governance regulation. The response rate is 6.7% which represent 4 respondents opinions and they strongly disagreed with the statement this implies that minority of the population strongly disagree with the statement. The response rate was 16.7% which represent 10 respondent opinions and they strongly disagreed with the statement. While 23.3% response rate representing 14 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 40% which represent 21 respondents agreed with the statement and 13.3% representing 8 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 2 (S2): Changes in dividend policy would be as a result of corporate governance regulation adopted in your bank.

Table 4.9 Chi-Square Test (S2)

Views	O	E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
strongly agree	5	15	-10	100	6.67
agree	31	15	16	256	17.07
No view	16	15	1	1	0.07
disagree	8	15	-7	49	3.27
Strongly disagree	0	0	0	0	0
Total	60				27.067

Field Survey 2014: **Table 4.9** Chi-Square Test

X^2 calculated=27.067

Level of significance = 5%

Degree of freedom = n-1 = 4-1 = 3

X^2 Tabulated = 7.81 at 3 degree of freedom (0.05) level of significance.

Based on the above analysis from table 4.9, the researcher rejects null hypothesis because X^2 calculated value is greater than X^2 Tabulated value, therefore accept that there is significant impact of corporate governance regulation on dividend policy.

Discussion: Tables 4.5 to 4.9 above show that the highest number of responses for the statement was agree. Which implies that majority of the respondent agreed with the statement. This statement rejects the null hypothesis that states that corporate governance regulation has no significant impact on dividend policy. This implies that corporate governance regulation has significant impact on dividend policy. In literature, regulations are the rules that guide the practice of corporate governance in an organisation. This gives guide to how bank's values are optimised and shareholders' interests are protected. According to Kapoor (2009) dividend policy is a guide on how earnings are shared between paying dividends and retaining the earnings (dividend non-payment) for the organisation. Therefore the governance is an essential factor in determining the dividend policy adopted by the bank in other to ensure that its value is optimised and the shareholders interest are satisfied. It is also essential that corporate governance regulations be complied with in other to make right decisions in an organisation concerning the dividend policy it adopts, otherwise it will have a negative effect on the dividend policy chosen and how they are implemented.

Hypothesis Two

H_0: Corporate governance practice has no significant impact on dividend payment in a company.

Statement 5 (S5): Management is responsible for corporate governance practice in determining if bank should pay dividend.

Table 4.10 Frequency Distribution Of Respondents (S5)

Management is responsible for corporate governance practice in determining if bank should pay dividend	**Frequency**	**%**
Strongly Agree	11	18.3
Agree	24	40.0
No view	18	30.0
Disagree	6	10.0
Strongly Disagree	1	1.7
Total	60	100

Source: Field survey 2014 ***Table 4.10*** *Frequency distribution of respondents for "Management is responsible for corporate governance practice in determining if bank should pay dividend"*

Table 4.10 shows the response and opinion of the statement; Management is responsible for corporate governance practice in determining if bank should pay dividend. The response rate was 1.7% which represent 1 respondents opinions and they strongly disagreed with the statement this implies that minority of the population strongly disagreed with the statement. The response rate was 10% which represent 6 respondent opinions and they disagreed with the statement. While 30% response rate representing 18 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 40% which represent 24 respondents agreed with the statement and 18.3% representing 11 respondents strongly agreed with the statement. This implies that majority of the respondent agreed with the statement.

STATEMENT 6 (S6): Dividend payment is an essential aspect of corporate governance practice.

Table 4.11 Frequency Distribution of Respondents (S6)

Dividend payment is an essential aspect of corporate governance practice	**Frequency**	**%**
Strongly Agree	8	13.3
Agree	27	45.0
No view	19	31.7
Disagree	4	6.7
Strongly Disagree	2	3.3
Total	60	100

Source: Field survey 2014 ***Table 4.11*** *Frequency distribution of respondents for "Dividend payment is an essential aspect of corporate governance practice"*

Table 4.11 shows the response and opinion of the statement; Dividend payment is an essential aspect of corporate governance practice. The response rate was 3.3% which represent 2 respondents opinions and they strongly disagreed with the statement this implies that minority of the population strongly disagree with the statement. The response rate 6.7% represents 4 respondent opinions and they disagreed with the statement. 31.7% response rate represents 19 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 45% which represents 27 respondents agreed with the statement and 13.3% representing 8 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 4 (S4): The Nigeria banking sector has a good dividend policy.

Table 4.12 Frequency Distribution Of Respondents (S4)

The Nigeria banking sector has a good dividend policy	**Frequency**	**%**
Strongly Agree	6	10.0
Agree	26	43.3
No view	21	35.0
Disagree	7	11.7
Strongly Disagree	0	0
Total	60	100

Field survey, 2014 ***Table 4.12*** *Frequency distribution of respondents for "The Nigeria banking sector has a good dividend policy"*

Table 4.12 shows the response and opinion of the statement; The Nigeria banking sector has a good dividend policy. The response rate was 11.7% which represents 7 respondent opinions and they disagreed with the statement this implies that minority of the population disagree with the statement. While 35% response rate represents 21 respondent opinions that had view as to whether they agree or do not agree with the statement. While 43.3% which represent 26 respondents agreed with the statement and 10% representing 6 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 8: The banks have effective corporate governance practices that affect their dividend payment.

Table 4.13 Frequency Distribution of Respondents (S8)

The banks have effective corporate governance practices that affect their dividend payment	**Frequency**	**%**
strongly agree	7	11.7
Agree	36	60.0
No view	14	23.3
Disagree	3	5.0
Strongly Disagree	0	0
Total	60	100

Field Survey, 2014 ***Table 4.13*** *Frequency distribution of respondents for "The banks have effective corporate governance practices that affect their dividend payment."*

Table 4.13 shows the response and opinion of the statement; the banks have effective corporate governance practices that affect their dividend payment. The response rate was 5% which represent 3 respondents opinions and they disagreed with the statement this implies that minority of the population disagree with the statement. While 23.3% response rate representing 14 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 60% which represent 36 respondents agreed with the statement and 11.7% representing 7 respondents strongly agree which the statement. This implies that majority of the respondent agreed with the statement.

Statement 9 (S9): In other to ensure the value of a firm is optimized the firm will pay dividends to attract more investment.

Table 4.14 Frequency Distribution Of Respondents (S9)

In other to ensure the value of a firm is optimized the firm will pay dividends to attract more investment	**Frequency**	**%**
strongly agree	11	18.3
Agree	25	41.7
No view	11	18.3
Disagree	9	15.0
strongly disagree	4	6.7
Total	60	100

Field Survey, 2014 ***Table 4.14*** *Frequency distribution of respondents for"In other to ensure the value of a firm is optimized the firm will pay dividends to attract more investment"*

Table 4.14 shows the response and opinion of the statement; in other to ensure the value of a firm is optimised the firm will pay dividends to attract more investment. The response rate was 6.7% which represent 4 respondents opinions and they strongly disagreed with the statement this implies that minority of the population strongly disagree with the statement. The response rate was 15% which represent 9 respondent opinions and they disagreed with the statement. While 18.3% response rate representing 11 respondent opinions had no view as to whether they agree or do not agree with the statement. While 41.7% which represent 25 respondents agreed with the statement and 18.3% representing 11 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 10 (S10): Poor corporate governance practices in Nigerian Banking sector results to low dividend payment.

Table 4.15 Frequency Distribution of Respondents (S10)

Poor corporate governance practices in Nigerian Banking sector results to low dividend payment	***Frequency***	***%***
strongly agree	12	20.0
Agree	29	48.3
No view	10	16.7
Disagree	7	11.7
strongly disagree	2	3.3
Total	60	100

Field Survey, 2014 ***Table 4.15*** *Frequency distribution of respondents for "Poor corporate governance practices in Nigerian Banking sector results to low dividend payment"*

Table 4.15 shows the response and opinion of the statement; Poor corporate governance practices in Nigerian Banking sector results to low dividend payment. The response rate was 3.3% which represent 2 respondents opinions and they strongly disagreed with the statement this implies that minority of the population strongly disagree with the statement. The response rate was 11.7% which represent 7 respondent opinions and they disagreed with the statement. While 16.7% response rate representing 10 respondent opinions had no view as to whether they agree or do not agree with the statement. While 48.3% which represent 29 respondents agreed with the statement and 20% representing 12 respondents strongly agree to the statement. This implies that majority of the respondent agreed with the statement.

STATEMENT 6 (S6): Dividend payment is an essential aspect of corporate governance practice.

Table 4.16: Chi-Square Test (S6)

Views	O	E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
strongly agree	8	12	-4	16	1.33
Agree	27	12	15	225	18.75
No view	19	12	7	49	4.08
Disagree	4	12	-8	64	5.33
strongly disagree	2	12	-10	100	8.33
Total	60				37.833

Field survey, 2014 ***Table 4.16:*** *Chi-Square Test*

X^2 calculated= 37.833

Level of significance = 5%

Degree of freedom = n-1 = 5-1 = 4

X^2 Tabulated = 9.24 at 4 degree of freedom (0.05) level of significance.

Based on the above analysis, the researcher rejects null hypothesis because X^2 calculated is greater than X^2 Tabulated, therefore accept that corporate governance practice has significant impact on dividend payment.

Discussion: These tables above show that the highest number of response for the statement was agree. Which implies that majority of the respondent agreed with the statement. This statement rejects the null hypothesis that states that corporate governance practices have no significant impact on dividend payment. A major theory that brought about corporate governance is the agency theory which talks about the interest conflict between the management and the shareholders. This was one solid reason for corporate governance that is to Cobb the conflict in other to reduce agency cost. Therefore corporate governance has different instruments of reducing this cost and one of it is dividend payment, this will reduce the cash flow in the bank thereby leaving little or nothing for the agents to manipulate (Michael, 2013). This will cause the practice of corporate governance to favour dividend payment in other to achieve the main objective for which it was established that is good governance.

Hypothesis Three

H_o: There is no significant impact of corporate governance practices on non-payment of dividends.

Statement 11 (S11): The practice of corporate governance in ensuring that the wealth of your organisation is optimized advocates for non-payment of dividends.

Table 4.17 Frequency Distribution of Respondents (S11)

The practice of corporate governance in ensuring that the wealth of your organisation is optimized advocates for non-payment of dividends	**Frequency**	**%**
Strongly Agree	2	3.3
Agree	29	48.3
No view	15	25.0
Disagree	8	13.3
Strongly Disagree	6	10.0
Total	60	100.

Source: Field Survey, 2014 ***Table 4.17*** *Frequency distribution of respondents for "The practice of corporate governance in ensuring that the wealth of your organisation is optimized advocates for non-payment of dividends"*

Table 4.17 shows the response and opinion of the statement; the practice of corporate governance in ensuring that the wealth of your organisation is optimized advocates for non-payment of dividends. The response rate was 10% which represent 6 respondents' opinions and they strongly disagreed with the statement. This implies that minority of the population disagree with the statement. 13.3% which represent 8 respondent opinions strongly disagreed with the statement. While 25% response rate representing 15 respondents opinions had view as to whether they agree or do not agree with the statement. While 48.3% which represent 29 respondents agreed with the statement and 3.3% representing 2 respondents strongly agree with the statement. This implies that majority of the respondent agreed with the statement.

Statement 12 (S12): Management in your organisation ensures that the firm's value is maximized by ensuring that the corporate governance practiced favours dividend non-payment.

Table 4.18 Frequency Distribution of Respondents (S12)

Management in your organisation ensure that the firms value is maximized by ensuring that the corporate governance practiced favours dividend non-payment	**Frequency**	**%**
Strongly Agree	3	5.0
Agree	16	26.7
No view	26	43.3
Disagree	6	10.0
Strongly Disagree	9	15.0
Total	60	100

Source: Field Survey, 2014 ***Table 4.18*** *Frequency distribution of respondents for "Management in your organisation ensure that the firms value is maximized by ensuring that the corporate governance practiced favours dividend non-payment"*

Table 4.18 show the response and opinion of the statement; Management in your organisation ensure that the firms value is maximized by ensuring that the corporate governance practiced favours dividend non-payment. The response rate was 15% which represent 9 respondents opinions and they strongly disagreed to the statement this implies that minority of the population strongly disagree to the statement. The response rate was 10% which represent 6 respondent opinions and they strongly disagreed to the statement. While 43.3% response rate representing 26 respondent opinions, they had no view as to whether they agree or do not agree with the statement. While 26.7% which represent 16 respondents agreed with the statement and 5% representing 3 respondents strongly agree to the statement. This implies that majority of the respondent had no view about the statement.

Statement 11 (S11): The practice of corporate governance in ensuring that the wealth of your organisation is optimized advocates for non-payment of dividends.

Table 4.19: Chi-Square Test (S11)

Views	**O**	**E**	**O-E**	**$(O-E)^2$**	**$\frac{(O-E)^2}{E}$**
strongly agree	2	12	-10	100	8.33
Agree	29	12	17	289	24.08
No view	15	12	3	9	0.75
Disagree	8	12	-4	16	1.33
strongly disagree	6	12	-6	36	3.00
Total	60				37.500

Field survey, 2014 ***Table 4.19****: Chi-Square Test*

X^2 calculated= 37.500

Level of significance = 5%

Degree of freedom = n-1 = 5-1 = 4

X^2 Tabulated = 9.24 at 4 degree of freedom (0.05) level of significance.

Based on the above analysis, the researcher rejects null hypothesis because X^2 calculated is greater than X^2 Tabulated, therefore conclude that there is significant impact of corporate governance practices on non-payment of dividends.

Discussion: Two statements represent this hypothesis and one was agreed with, while for the other respondent had no view about the statement. This can be because when dividends are not paid the funds can be redirected into more profitable ventures or projects that would yield reasonable interest to the bank. This favours firm's maximization of value. At the same time this act poses a threat known as agency cost because the cash flow of funds in the bank would be high giving way for manipulation of this fund by agents who are known to have opportunist behaviour that may be a reason for the no view response by the respondents (Salehnezhad, 2013).

Discussion of the Results from Survey Questionnaire Data

This survey analysis tested three hypotheses, and it resulted to there is a significant relationship. This shows the analysis of the structured closed-ended questionnaire which was conducted for two bank cases; First Bank and Zenith Bank. The response was gotten from senior manager, junior manager, senior staff and junior staff. The response gotten from administered questionnaires by the respondents shows that corporate governance regulation and practice has significant impact on dividend policy in the banks under study. This research has shown that corporate regulation provides effective dividend policy in banks and that management are responsible for corporate governance practices in determining if banks should pay dividends. This research found out that non-payment of dividend can be caused by not complying with corporate governance regulation and that in other to ensure optimisation of the bank, non-dividend payment is advocated.

Data Presentation and Analysis of Secondary Data

In examining the level of corporate governance regulation of the case studies, a compliance index has been developed using some of code of corporate governance (2003) for public company disclosure requirement which was reviewed September 2008 by the security and exchange commission (Security and Exchange commission, 2012). The compliance index used are; Statement of directors' responsibilities towards preparation and presentation of financial statements, Dividend, Ownership Structure,Shareholders' right, Compliance with Code of conduct, Size of board, Composition of board, Director stock ownership, Director stock ownership, Responsibility of the Board, Information about Independent directors, Audit Committee, Compliance with different legal rules, Statement of Chief Executive Officer, Organizational code of ethics, Risk Assessment and Management, Internal Control System, Separate section for corporate governance, Annual Report through Internet, Compliance with CBN requirement, Difference between Chairman and CEO. The compliance index means if they have adequate disclosure of the items listed as compliance index. The procedure followed in scoring the level of compliance was 1 and 0, which means disclosed and not disclosed respectively.

In examining the level of corporate governance practice of the case studies, some factors were considered which are size of executive directors, size of non- executive directors and size of board. These are important factors in knowing the practicability of corporate governance in banks. According to Higgs (2003) "the role of the non-executive director is frequently described as having two principal components: monitoring executive activity and contributing to the development of strategy" (p. 27). Non-executive directors are meant to be greater than executive directors (that is more diverse) in other for reduction in agency cost and mismanagement (Tyson, 2003). While for dividend policy, dividend paid and retained earnings were used in analysing payment and non-payment of dividends respectively.

Table 4.20: Level of Corporate Governance Compliance

BANK	YEAR	CGD1	CGD2	CGD3	CGD 4	CGD5	CGD6	CGD7	CGD8	CGD9	CGD10
ZENITH BANK											
2008		1	1	1	1	1	1	1	1	1	0
2009		1	1	1	1	1	1	1	1	1	1
	2010	1	1	1	1	0	1	1	1	1	1
	2011	1	1	1	1	0	1	1	1	1	1
	2012	1	1	1	1	0	1	1	1	1	1
FIRST BANK											
2008		1	1	1	1	1	1	1	1	1	0
	2009	1	1	1	1	1	1	1	1	1	0
	2010	1	1	1	1	1	1	1	1	1	0
	2011	1	1	1	1	1	1	1	1	1	0
	2012	1	1	1	1	1	1	1	1	1	0

Source: Computed by researcher using data extracted from annual reports of banks (2014) Note: for key to bank coding see appendix 3.

BANK	YEAR	CGD 11	CGD 12	CGD 13	CGD 14	CGD 15	CGD 16	CGD 17	CGD 18	CGD 19	CGD 20	%
ZENITH BANK												
2008		1	1	1	0	1	1	1	1	1	1	90
2009		1	1	1	1	1	1	1	1	1	1	100
2010		1	1	0	1	1	1	1	1	1	1	90
2011		1	1	0	1	1	1	1	1	1	1	90
2012		1	1	0	1	1	1	1	1	1	1	90
FIRST BANK												
2008		1	1	1	1	1	1	1	1	1	1	95
2009		1	1	1	1	1	1	1	1	1	1	95
2010		1	1	1	1	1	1	1	1	1	1	95
2011		1	1	1	1	1	1	1	1	1	1	95
2012		1	1	1	1	1	1	1	1	1	1	95

Table 4.20 presents a summary of the average corporate governance disclosure data of 2 listed banks in Nigeria and also the disclosure index is from 2008- 2012 annual financial statements. The table reveals that the banks comply with the corporate governance regulation based on disclosure in its financial statement. However, the extensiveness of the compliancy varies between years and banks. Based on the 20 governance indices used for assessment (see appendix 3 for code description), Zenith Bank annual financial statement for the years 2008, 2010, 2011, 2012 shows 90% compliancy while for 2009 shows 100% compliancy, while First Bank annual financial statement form 2008 to 2012 show 95% compliancy with corporate governance regulations.

TABLE 4.21: PRESENTATION OF SECONDARY DATA

BANK	YEAR	DIVIDEND PAID	RETAINED EARNING	CGC (%)	SOEB	SNEB	SB
ZENITH BANK							
2008		9,265,524,000	21,933,000,000	90	7	7	14
2009		28,466,000,000	32,305,000,000	100	8	7	15
2010		11,303,000,000	32,305,000,000	90	6	7	13
2011		26,687,000,000	29,946,000,000	90	6	6	12
2012		29,827,000,000	84,908,000,000	90	6	7	13
FIRST BANK							
2008		21,481,234,961	24,379,000,000	95	7	8	15
2009		30,207,986,659	28,059,000,000	95	8	8	16
2010		2,610,566,748.54	40,343,000,000	95	5	11	16
2011		17,621,325,552	38,360,000,000	95	3	9	12
2012		23,495,100,736.32	-819,000,000	95	1	5	6

Computed by researcher using data extracted from annual reports of banks (2014) Note: for key to bank coding see appendix 3.

Table 4.21 shows the dividend paid, earnings that were retained (dependent variables), corporate governance compliance, size of executive board, size of non-executive board and size of board (Independent variables) in the two banks from a period of 2008 to 2012. The information gotten for corporate governance compliance is in Table 4.20.

Multiple Regression Analysis

Multiple regressions were used in determining impact of corporate governance regulation and practice on dividend policy. Regression statistics is used to show if there is a significant relationship between corporate governance regulation and practice and Dividend policy of the banks. In this research there are four main variables which are dividend paid, dividend not paid, corporate governance regulation and corporate governance practice. The data used in this analysis was gotten from 5 year annual financial statement of the case studies. In order to validate the primary data analysis, two multiple regression analysis were employed.

Regression Analysis One;

$$Y_t = B_o + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + U_t$$

Table 4.22: Multiple Regression of Corporate Governance Regulation and Practice on Dividend Payment.

Variables	Coefficient (B)	Standard error	T ratio
Constant	0.355	0.082	4.33
Corporate governance compliance	0.322	0.065	4.95***
Size of the board	0.136	0.043	3.16***
Size of non-executive directors	0.492	0.147	3.34***
Size of executive directors	0.275	0.068	4.04***
Durbin-Watson	1.358		
Adjusted R Square	0.921		
Df	5		
F test	83.921		
level of significance	5%		

Source: Field survey 2014: dependent variable: dividend payment
*Note: t-statistics are *Significant at 10% level, **Significant at 5% level, ***Significant at 1% level*

Table 4.22 shows that there is a positive relationship between dividend payment, corporate governance compliance, size of the board, size of non-executive board and size of executive board. All the variables except dividend payment are measurement of corporate governance regulation and practice the result shows that the independent variables contribute positively to dividend payment. Thus, the figure 0.355 which represents constant in table 4.23 shows the magnitude of the intercept (B_{0}). This intercept means that whether these independent variables are available or not, there will be an existence of about (35%) existence of implementation of dividend payment in an organization. This simply means that with or without corporate governance regulation and practice a level of dividend policy implementation will exist in the bank.

Adjusted R-Square measures the goodness of fit of the regression model. It represents the proportion of total variation of the dependent variable as explained by the independent variables. Based on this regression result, about 92% (0.921) of the total variation of the dependent variable (dividend policy) is explained by the independent variables. Hence, it shows the best fit of the regression model. This means that regression model is of good fit and there is no need for the use of another model.

Durbin-Watson Statistics tests the existence of serial correlation, this means variance inflationary factors. The empirical value of Durbin-Watson from this regression analysis is 1.358 while its theoretical value at 5% level of significance is 1.61 lower limits (dL). Since the empirical value of 1.358 is less than its lower limit (dL) of theoretical value of 1.61, therefore the test is statistically significant. The empirical value of F calculated (F test) is 83.921, and F tabulated at 5% level of significance is 4.46. Since the F calculated is greater than F tabulated (4.46) therefore, the null hypotheses are rejected, which implies that there is significant impact of corporate governance regulation and practice on dividend payment. Thus, the independent variables have significant relationship with the dependent variable. Hence, the test is statistically significant.

When T-ratio is 1.56 to 1.96 that means the variable is significant at 10%, which is 1 star, when it is significant at 1.97 to 2.5 the variable is significant at 5% which is 2 stars and if it is above 2.5 that means that the variable is significant at 1% that is 3stars (the higher the star the more important the variable). In other to maximize the dependent variable which is dividend payment there are independent variables that are important in its maximization, these are corporate governance compliance, Size of the board, Size of non-executive board, Size of executive board are very important factors in dividend pay-out. The most important independent variable is size non-executive director that contribute positively to dividend payment. This is because it has the highest co-efficient (0.492) in the table 4.22.

Regression Analysis Two; $Y_t = B_o + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + U_t$

Y_t = Retained Earnings (dependent variable)

Table 4.23: MULTIPLE REGRESSION OF CORPORATE GOVERNANCE REGULATION AND PRACTICE ON DIVIDEND NON-PAYMENT.

Variables	Coefficient (B)	Standard error	T-ratio
Constant	0.173	0.055	3.15
Corporate governance compliance	0.388	0.12	3.23***
Size of the board	0.257	0.061	4.21***
Size of non-executive board	0.701	0.107	6.55***
Size of executive board	0.278	0.049	5.67***
Durbin-Watson	1.247		
Adjusted R Square	0.897		
Df	5		
F test	87.517		
level of significance	5%		

*Source: Field survey 2014 dependent variable is dividend non-payment Note: t-statistics are *Significant at 10% level, **Significant at 5% level, ***Significant at 1% level*

Table 4.23 shows that there is a positive relationship between retained earnings (dividend non-payment), corporate governance compliance, size of the board, size of non-executive board and size of executive board. All the independent variables except retained earnings are used as measurement of corporate governance regulation and practice. The result shows that the independent variables contribute positively to retained earnings. Thus, the figure 0.173 which represents constant in table 4.23 shows the magnitude of the intercept. This intercept means that whether these independent variables are available or not, there will be an existence of about (17%) existence of implementation of retained earnings in an organization. This simply means that with or without corporate governance regulation and practice a level of retained earnings implementation will exist in the bank. Adjusted R-Square measures the goodness of fit of the regression model. It represents the proportion of total variation of the dependent variable as explained by the independent variables. Based on this regression result, about 90% (0.897) of the total variation of the dependent variable (retained earnings) is explained by the independent variables. Hence, it shows the best fit of the regression model. This means that regression model is of good fit and there is no need for another model.

Durbin-Watson Statistics tests the existence of serial correlation, this means variance inflationary factors. The empirical value of Durbin-Watson from this regression analysis is 1.247 while its theoretical value at 5% level of significance is 1.61 lower limits (dL). Since the empirical value of 1.247 is less than its lower limit (dL) of theoretical value of 1.61, therefore the test is statistically significant. The empirical value of F calculated (F test) is 87.517, and F tabulated at 5% level of significance is 11.07. Since the F calculated is greater than F tabulated (4.46), therefore, the null hypotheses are rejected, which implies there is significant impact of corporate governance regulation and practice and dividend non-payment. Thus, the independent variables have significant relationship with the dependent variable. Hence, the test is statistically significant. When T-ratio is 1.56 to 1.96 that means the variable is significant at 10%, which is 1 star, 1.97 to 2.5 the variable is significant at 5% which is 2 stars and if is above 2.5 that means that the variable is significant at 1% that is 3stars (the higher the star the more important the variable). In other to maximize the dependent variable which is dividend payment there are independent variables that are important in its maximization these are corporate governance compliance, Size of the board, Size of non-executive board, Size of executive board are very important factors in dividend pay-out. The most important independent variable is size non-executive director that contribute positively to dividend non-payment. This is because it has the highest co-efficient (0.701) in the table 4.23.

Discussions of the Results from Secondary Data Analysis

In chapter one, 3 hypotheses were stated which were tested based on the relationship between corporate governance regulation and practice and dividend policy. In this section, the empirical evidence was subjected to inferential statistical analyses. Our decision rule is based on the significances of the t-ratio and F test which are represented by the p- values flagged by the statistical packages used. The analyses show that without implementation of corporate governance regulation and practice in the banks about 35% and 17% of dividend payment and dividend non-payment (retained earnings) will be implemented in the banks respectively. Two analyses were run that tested the impact of corporate governance regulation and practice on dividend payment and also tested the impact of corporate governance regulation and practice on non-payment. The two analyses affirmed that there is significant impact between corporate governance regulation and practice on dividend policy. This implies that all the null hypotheses will be rejected and that the alternative hypotheses will be accepted.

According to the regression table 4.22 and 4.23 the t-ratio shows that the board size, corporate governance compliance, size of non-executive directors, size of executive directors are important factors that contribute to how dividend policy decisions are made in the bank. The t-ratio also shows most important independent variable that should be maximised in other to achieve optimum dividend policy is the size of the non- executive board. The result therefore supports the corporate governance that advocates for large size of non-executive directors in other to reduce agency cost. This is due to conflict of interest the executive directors pose. The size of the non-executive directors can be maximised in other to influence dividend payment which will in turn reduce the cash in circulation, it can also influence non-payment in the sense of reinvestment of the funds into more profitable ventures in other to increase the value of the bank. It influences can also strike a balance between dividend paid and earnings retained in other to both maximise firms value and shareholders value. According to Zahra and Pearce (1989) they argued that a large board size brings more management skills and makes it difficult for the CEO to manipulate the board Cited in (Uwuigbe, 2011).

CONCLUSION AND RECOMMENDATION

The research empirical findings have not only established there is a relation between corporate governance regulation and dividend policy but that the relation is very significant. Therefore corporate governance regulation is seen to have high influence and impact on the dividend policy adopted in a bank. Also this research has shown that board size, size of executive directors, size of non-executive directors, compliance with disclosure checklist are important factors in determining if a bank should pay dividend. In other words corporate governance regulation and practice has significant impact on dividend payments. The findings relating to the relationship between corporate governance regulation and practice on if non-payments of dividend show that a positive significant relationship exists between the variables. The findings also indicate that the size non-executive directors are the most important factors in determining dividend payment and non-payment. The findings also shows that 35% and 17% respectively of dividend payment and non-payment will be carried out or implemented in the banks without any influence from corporate governance regulation and practice.

Based on the findings identified and discovered via this research, it is recommended that efforts to improve corporate governance regulation should be to address the loopholes in its code and ensure mandatory compliance with reviewed codes. Also, an effective legal framework should be set. In other to ensure goal congruence between Management and shareholders extrinsic and intrinsic incentives should be used. Dividend should also be used as a way of reducing agency cost because it will lead to less cash flow for management to manipulate. Ensuring that management doesn’t influence dividend payment because of the negative effect on executive stock option the bank should ensure good and effective corporate governance practices. In other to settle the dispute of interest of Board for only shareholders, the interest of stakeholders should also be considered. The decision to serve stakeholders should be let known to the shareholders before they invest in the bank. The Management can use dividends changes as a good means of communicating to investors. This is because Dividend changes have information content that can lead to earnings changes of banks. The size of the non-executive directors should be maximised in other to ensure effective dividend policy. This means an increase in the non-executive directors in the board plays a crucial role to effective dividend policy adopted.

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